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**Before The
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.**

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In re:

Review of the Commission's
Regulations Governing Attribution
of Broadcast and Cable/MDS Interests

MM Docket No. 94-150

Review of the Commission's
Regulations and Policies
Affecting Investment
in the Broadcast Industry

MM Docket No. 92-51

Reexamination of the Commission's
Cross-Interest Policy

MM Docket No. 87-154

To: The Commission

REPLY COMMENTS OF BET HOLDINGS INC.

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Executive Summary

The Federal Communications Commission ("FCC" or "Commission") must evaluate the cumulative impact of recent changes to broadcast television rules before it adopts the proposed rules in this and related broadcast ownership proceedings.^{1/} The FCC's decisions in these proceedings will ultimately determine whether new entrants will have an opportunity to participate in broadcasting as it moves to the digital age, or whether regulatory and competitive entry barriers will be so high that incumbent broadcasters will dominate the broadcast marketplace. The Commission's statutory diversity obligations pursuant to Section 307(b), the impact of recent changes to broadcast licensing rules and digital television rules pursuant to the 1996 Telecommunications Act, and the Commission's broadcast public interest obligations, must be assessed in the aggregate when considering further changes to broadcast ownership and attribution rules.

The Commission must uphold its statutory mandate to eliminate market entry barriers and ensure that small businesses are not foreclosed from participating in the ongoing communications revolution.^{2/} In this context, the Commission must consider the effects of

^{1/} To assess the impact on consolidation and diversity of ownership in TV broadcasting, the FCC must analyze the overall impact of its pending actions in the Digital Television licensing proceeding as well as the following ownership/attribution proceedings. 1) Broadcast Television National Ownership Rules (MM Docket No. 96-222); Review of the Commission's Regulations Governing Broadcast Television (MM Docket No. 91-221); Television Satellite Stations Review of Policy and Rules (MM Docket No. 87-8), Notice of Proposed Rulemaking, FCC 96-437; released November 7, 1996 (hereinafter, "National Ownership Proceeding"); 2) Review of the Commission's Regulations Governing Broadcast Television, MM Docket No. 91-221 and Television Satellite Stations Review of Policy and Rules, MM Docket No. 87-7, Second Further Notice of Proposed Rulemaking, FCC 96-438, released November 7, 1996 ("Local Ownership Proceeding"), and Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests, MM Docket No. 94-150, Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry, MM Docket No. 92-51, and Reexamination of the Commission's Cross-Interest Policy, Further Notice of Proposed Rulemaking, MM Docket No. 87-154, FCC 92-436, released November 7, 1996 (hereinafter, "Attribution Proceeding").

^{2/} In the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses, GN Docket No. 96-113 Notice of Inquiry, 11 FCC Rcd 6280 (1996).

ownership concentration and predictability of access to capital for new entrants into broadcasting.^{3/} The Commission also has a statutory mandate to ensure that the public interest, convenience, or necessity will be served by grant of broadcast licenses.^{4/}

Section 307(b) of the Act^{5/} mandates that the Commission distribute licenses in a fair, efficient and equitable manner. Further, a "fundamental purpose" of the Commission's regulation of broadcasting for nearly 50 years has been "to promote diversification of ownership in order to maximize diversification of program and service viewpoints."^{6/} Diversification of control of the broadcast media is particularly desirable where, as here, a government licensing system limits access by the public to the use of television facilities.^{7/}

BET urges the Commission to use the television broadcast market as the relevant market for examining competitive entry barriers. The market definition of multichannel video programming delivery, which is based on the definition of a cable system and uses cable franchise areas as the relevant geographic market, is not the correct market definition to examine proposed changes in the over-the-air, broadcast television market.^{8/} Unless the Commission uses

^{3/} See, *Id.* at 6287, citing Competitive Bidding Fifth Report and Order, 9 FCC Rcd 5532, 5535 (1994).

^{4/} 47 U.S.C. § 307(a); 47 U.S.C. 309(a).

^{5/} "[T]he Commission shall make such distribution of licenses, frequencies, hours of operation, and of power among the several states and communities as to provide a fair, efficient, and equitable distribution of radio service to each of the same." Section 307(b) of the Communications Act of 1934, as amended (hereinafter, "Act"), 47 U.S.C. § 307(b).

^{6/} Amendment of Sections 3.35, 3.240, and 3.636 of Rules and Regulations Relating to Multiple Ownership of AM, FM and Television Broadcast Stations (Report and Order), 18 FCC 288, 291 (1953).

^{7/} Policy Statement of Comparative Broadcast Hearings, 1 FCC 2d 393, 394 (1965).

^{8/} This multi-channel video programming market analysis derives from the cable regulation set forth in the Cable Television Consumer Protection and Competition Act of 1992, Public L. No. 102-385, 106 Stat. 1460 (1992).

the broadcast market to examine the effect of any proposed changes, Section 307(b) diversity obligations will be effectively "written out" of the Communications Act.

Consolidation of TV broadcast ownership will increase significantly because of several factors: 1) changes to FCC broadcast licensing procedures, 2) changes to FCC national ownership rules, 3) deregulation of the financial interest and syndication restrictions, and 4) the Digital Television ("DTV") licensing plan. An unprecedented number of mergers and acquisitions have occurred since elimination of the financial interest and syndication rules and passage of the Telecommunications Act of 1996 (the "Telecom Act").^{9/} Over \$10 billion in television transactions occurred in 1996, more than doubling the \$4.6 billion that occurred in 1995.^{10/} Without careful consideration of these factors, further actions by the FCC to relax TV ownership and attribution rules will increase broadcast ownership concentration among a small group of incumbent broadcasters and create insurmountable barriers to new entrants in digital, as well as analog, TV broadcasting.

Recent changes to the broadcast licensing rules also will hasten the further concentration of broadcast ownership and curtail the opportunity for new entrants to acquire TV licenses. The Commission has lengthened the broadcast license terms of television stations from 5 years to 8 years,^{11/} implemented a new two-step broadcast renewal process that eliminates comparative renewal hearings and essentially renews broadcast licenses automatically,^{12/} and "frozen"

^{9/} Pub. L. 104-104, 110 Stat. 56 (1996).

^{10/} "Consolidation Yea or Nay," Broadcasting and Cable, p. 4, January 27, 1997.

^{11/} Implementation of Section 203 of the Telecommunications Act of 1996 (Broadcast License Terms) Sections 73.1020 and 74.15, 12 FCC Rcd ____, MM Docket No. 96-60, FCC 97-17, released January 24, 1997.

^{12/} Renewal expectancies are granted provided the licensee has met certain public interest requirements. Implementation of Sections 204(a) and 204(c) of the Telecommunications Act of 1996 (Broad-

applications for new television station allotments.^{13/} As a result of these changes, new entrants are shut out of the broadcast TV markets, while incumbent broadcasters can continue to combine with other incumbents to increase their market presence, up to 35% of the national audience.^{14/}

The DTV licensing process also will magnify incumbent broadcasters' market power. The FCC has proposed that each incumbent "full-service" broadcaster will be given an additional 6 MHz channel to implement DTV.^{15/} The Commission has also adopted DTV technical standards that will allow existing broadcasters to provide multiple streams of standard definition programming.^{16/} Further, spectrum flexibility allows DTV channels to be used for other types of wireless communication services.^{17/} Thus, the extra DTV channel the Commission will give

cast License Renewal Procedures) 11 FCC Rcd 6363 (1996).

^{13/} The Commission froze applications for the top 30 broadcast markets in 1987. Advanced Television Systems and Their Impact Upon Existing Television Broadcast Service, MM Dkt. No. 87-268, Order, 2 FCC Rcd 5125 (1987). The Commission froze remaining markets on September 20, 1996, and also provided that any applications filed after October 24, 1991 that had not yet been granted would not receive a 6 MHz DTV channel. Advanced Television Systems and Their Impact Upon Existing Television Broadcast Service, MM Docket 87-268, Sixth Further Notice of Proposed Rulemaking, 11 FCC Rcd 10968, 10973 (1996). The Commission has also frozen processing of all mutually exclusive application cases, creating further barriers to new entrants. See Bechtel v. F.C.C., 10 F.3d 875 (D.C. Cir. 1993), FCC Public Notice, "FCC Freezes Comparative Hearing Proceedings," 9 FCC Rcd 1055 (1994), as modified, 9 FCC Rcd 6689 (1995).

^{14/} Order, FCC 96-91, released March 8, 1996, 61 FR 10691.

^{15/} Memorandum Opinion and Order/Third Report and Order/Third Notice of Proposed Rulemaking, MM Docket 87-268, 7 FCC Rcd 6924, 6926 (1992). The Act requires initial DTV licenses to be allocated to incumbents for free. Broadcasters must pay spectrum fees for providing ancillary services on these DTV channels. 47 U.S.C. § 336(e). The value of the DTV spectrum, if auctioned, has been estimated between \$10 and \$70 billion. "The Great HDTV Swindle," Wired, p. 57, 60, February 1997. The Congressional Budget Office ("CBO") has scored the DTV spectrum at \$12 billion if it were auctioned. Joint Statement of David H. Moore and Perry C. Beider, Congressional Budget Office, before the Subcommittee on Telecommunications and Finance, Committee on Commerce, U.S. House of Representatives, March 21, 1996, at 13.

^{16/} Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service, Fourth Report and Order, 11 FCC Rcd ____, MM Docket 87-268, released December 27, 1996, at 4.

^{17/} Id.

away for free to incumbent "full power" broadcasters doubles the amount of spectrum allocated to incumbent TV broadcasters and increases their broadcast market power exponentially.^{18/}

Against the backdrop of recent changes to existing rules, the Commission has proposed changes to local and national ownership rules and attribution rules that will increase concentration among incumbent broadcasters. Specifically, in three related proceedings, the Commission proposed 1) modifications in the calculation of national audience reach,^{19/} 2) use of a Grade A contour instead of a Grade B contour for calculating permitted local ownership structures,^{20/} 3) changes to the attribution rules that will decrease predictability and flexibility,^{21/} and 4) changes to the treatment of TV Satellite stations, LMAs, and JSAs for the purposes of the national and local ownership caps.^{22/}

BET urges the Commission to prevent further concentration of broadcast ownership and avoid creating potential market entry barriers to new entrants as it considers changes to these rules. In considering market entry and public interest factors, the Commission should take special note of minority and women-owned businesses and small businesses. Minority-owned businesses only hold three percent (3%) of all television broadcast licenses.^{23/} Empirical studies

^{18/} "The acquisition by broadcasters of an additional license (apparently at no charge), then, is more than a property rights grab without parallel in the United States since the days of our previous robber barons, the railroads. It is also an extraordinary denial of our professed commitments to increase competition, to lower entry barriers, and to expand opportunities for historically excluded persons in the broadcasting industry." Krattenmaker, Thomas G., "The Telecommunications Act of 1996," Federal Communications Bar Journal, November 1996. The Telecommunications Act of 1996 also "exacerbates a fundamental flaw in our regulatory policy toward broadcasting: the use of spectrum allocation to confer market power on a closed class of privileged broadcasters." *Id.* at 41.

^{19/} National Ownership Proceeding, *supra* n. 1 at 1-2.

^{20/} Local Ownership Proceeding, *supra* n. 1 at 7.

^{21/} Attribution Proceeding, *supra* n. 1 at 5.

^{22/} National Ownership Proceeding, *supra* n. 1 at 9-10, Attribution Proceeding, *supra* n. 1 at 26, 32.

^{23/} Minority Commercial Broadcast Ownership in the United States. The Minority Telecommunica-

have demonstrated a strong correlation between ownership by minority businesses and diversity of programming.^{24/} Congress has also eliminated tax certificates to promote minority and women ownership in television.^{25/} By providing incentives for new entrants to participate in TV broadcasting, the Commission will promote its 307(b) diversity public interest obligation by increasing the pool of potential participants among minorities, women, and small businesses. BET encourages the FCC to adopt incentives for new entrant participation in broadcasting, which would satisfy the Commission's statutory obligation to fairly and equitably distribute licenses, eliminate market entry barriers, and serve the public interest. BET specifically addresses the issues raised in the "attribution proceeding" below.^{26/}

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tions Development Program, National Telecommunications and Information Administration, United States Department of Commerce, April, 1996.

^{24/} Congressional Research Service, *Minority Broadcast Station Ownership and Broadcast Programming: Is there a nexus?* (June 29, 1986 at 13, 15.).

^{25/} Self-Employed Health Insurance Act of 1995, Pub. L. No. 104-7, §2, 109 Stat. 93 (1995).

^{26/} BET is filing comments simultaneously in the Commission's three related broadcast attribution and ownership proceedings: 1) Broadcast Television National Ownership Rules (MM Docket No. 96-222); Review of the Commission's Regulations Governing Broadcast Television (MM Docket No. 91-221); Television Satellite Stations Review of Policy and Rules (MM Docket No. 87-8), Notice of Proposed Rulemaking, FCC 96-437; released November 7, 1996; 2) Review of the Commission's Regulations Governing Broadcast Television, MM Docket No. 91-221 and Television Satellite Stations Review of Policy and Rules, MM Docket No. 87-7, Second Further Notice of Proposed Rulemaking, FCC 96-438, released November 7, 1996, and Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests, MM Docket No. 94-150, Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry, MM Docket No. 92-51, and Reexamination of the Commission's Cross-Interest Policy, Further Notice of Proposed Rulemaking, MM Docket No. 87-154, FCC 92-436, released November 7, 1996.

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To: The Commission

REPLY COMMENTS OF BET HOLDINGS INC.

BET Holdings, Inc. hereby submits its reply comments in the above captioned proceeding related to attribution broadcast investment and the cross-interest policy. BET is a cable television entertainment business that reaches over 45 million cable households through its cable programming services, BET Cable Network, BET on Jazz, and Action Pay-Per-View. BET also produces feature length films through its ventures with BET Film Productions, BET Pictures, and United Image Entertainment. BET has also partnered with Microsoft to develop on-line programming and interactive software products for African-American consumers.

BET supports modifications to the Commission's rules that promote new entrants in television and digital television ("DTV"). Several rule changes proposed in this docket could produce uncertainties that will deter investors and hinder opportunities for new entrants.^{1/} Such uncertainty, when coupled with the complexity of the various Commission proposals, could hinder capital formation. BET also notes that there has been significant consolidation of broadcast television reducing the diversity of voices in broadcast television markets.^{2/} Therefore, where applicable, BET opposes proposed rule modifications that only enhance the consolidation of ownership among incumbent broadcasters, and create insurmountable barriers to entry for new entrants in the broadcast television and future DTV marketplace. The Commission should not distort the market further by adopting rules that would produce greater market concentration.^{3/}

I. The "Equity or Debt Plus" Attribution Rule Will Hinder Entry Into The Television Market.

Under the Commission's "debt or equity plus" approach, if a program supplier to a licensee or a same market broadcaster or other media outlet subject to the Commission's cross-ownership rules holds a 33% debt and/or equity interest in a licensee, then the interest in the licensee would be attributed to the interest holder.^{4/} BET continues to oppose this approach

^{1/} BET agrees with Post-Newsweek Stations, Inc.'s previously filed comments that many of the current rules adequately promote the "Commission's dual public interest goals of diversity and competition." See Notice of Ex Parte Communications of Post-Newsweek Stations, Inc., MM Docket Nos. 95-92, 95-90, 91-221, 94-150; at 1; see also Comments of Silver King Communications, Inc., MM Docket Nos. 94-150, 92-51, 87-154; at 8-9 (stating that the current attribution rules have worked well in promoting small business, female, and minority business owners who are under represented in the broadcast industry.)

^{2/} BET agrees with the prior comments of the National Association of Black Owned Broadcasters ("NABOB") that permitting further consolidation in the television market would have a deleterious effect upon minority-owned television stations. See Comments of the NABOB, MM Docket Nos. 94-149, 91-140, 94-150, 92-51, 87-154, 91-221, 87-8; at 13.

^{3/} See generally the Executive Summary in BET's comments in this proceeding for a discussion of past and future actions that have or will contribute towards the concentration and consolidation of the broadcast television market.

^{4/} See Further Notice of Proposed Rulemaking, FCC 96-436, ¶¶ 12-14 (released November 7, 1996) (hereinafter "Further Notice").

and urges the Commission to retain the current "equity" ownership attribution analysis. BET notes that CBS, Inc.'s comments state that exemptions for holders of nonvoting stock interests "serve an important function in facilitating the flow of capital to the industry."^{5/} BET also agrees with Fox Broadcasting Company that "equity or debt plus," as applied to program suppliers, will reduce competition and diversity.^{6/} "[O]wnership opportunities for minorities depend in large measure on their access to capital. But such transactions are not likely to take place unless investors can make substantial, non-attributable investments which do not unduly restrict their ability to conduct business with the minority-controlled entities in which they are investing."^{7/} As HSN points out, "the 'prime real estate' for program distributors -- VHF and strong UHF stations -- is already taken. To survive, a program supplier may need to assemble less valuable parcels -- weaker UHF stations -- in more markets and secure its interest through some direct investment in order to provide a foundation for local distribution Because of the need to assemble an ad hoc portfolio of local outlets, a program service such as HSN may be the most likely investor in weak UHF stations."^{8/} While the goal of "debt or equity plus" is to identify ownership relationships that currently are unattributable, the proposal also complicates new entrants ability to attract capital. BET reiterates that, on balance, the proposed "debt or equity plus" approach is too unpredictable and complex for new entrants into the TV or DTV market, and could undermine the Commission's diversity goals.

^{5/} Comments of CBS Inc. at 3.

^{6/} Comments of Fox at 2.

^{7/} *Id.* at 7.

^{8/} Comments of HSN, Inc. at 14 - 15.

II. Contractual Relationships of Program Suppliers Should Not be Attributed

Attribution of contractual relationships of program suppliers would create excessive uncertainty for new entrants into television and DTV, especially if they are considering joint ventures and other business combinations. New entrants would need to screen potential program supply partners for various types of contractual relationships, increasing the complexity of the relationship and potentially chilling a viable source of capital investment. BET supports Tele-Communications, Inc.'s ("TCI") argument that the proposed rule "sacrifices an important source of capital by overinclusively attributing ownership even where no control, competition or diversity concern is present. Thus, the rule disrupts capital markets while providing only minimal benefits in return."^{9/} As TCI points out, "the industry segment most harmed by this rule will be smaller broadcasters which may need additional capital sources to ensure their continued competitiveness."^{10/} To the extent that smaller broadcasters also are the most likely to include women- and minority-owned stations, the Commission's proposal could work against the goal of diversity of broadcast ownership.

BET disagrees with CBS that "program supplier" should be defined as any entity that provides more than 20% of prime time programming. Further, BET opposes Media Access Project's proposal to include program suppliers as part of the debt or equity plus process on the grounds that it will promote diversity. As BET noted in its original comments, new entrants -- especially in DTV, where programming may be scarce due to the conversion to a digital format -- would need flexibility to form joint ventures with program suppliers in order to enter the DTV

^{9/} Comments of Tele-Communications, Inc. ("TCI") at 20-21.

^{10/} Id. at 21.

market. Such flexibility would promote diversity of ownership and programming in the marketplace.

III. The Commission Should Increase The Voting Stock Benchmarks For New TV And DTV Entrants Only.

The Commission proposes to increase the voting stock benchmarks from five to ten percent for active investors and from ten to twenty for passive investors.^{11/} BET supports such an increase, but only for new TV and DTV entrants, not the current incumbent broadcasters. Increasing the benchmarks for new entrants will increase the incentives to invest in them, thus promoting diversity. Such a targeted proposal is consistent with the comments of Media Access Project which opposes increasing the investment benchmarks for broadcasters across the board; such an increase "would risk significant reduction in viewpoint diversity and has not been shown to produce economic benefit."^{12/}

IV. The Commission Should Attribute The Ownership Interests Of Stations Operating Under LMAs.

BET strongly supports the Commission's proposal to attribute, for ownership purposes, television stations operating under a Local Marketing Agreement ("LMA"). The Commission has already adopted a similar rule in the broadcast radio service.^{13/} Attribution of LMAs would prevent further ownership concentration of television by preventing station owners from bypassing national and local ownership restrictions through LMAs. BET believes that the control an LMA provides should be considered as part of the Commission's ongoing Section 307

^{11/} Further Notice, ¶ 36.

^{12/} Comments of Media Access Project ("MAP") at 22.

^{13/} If a radio broadcast licensee obtains more than 15% of brokered time from another radio station in the same market, the brokering station must count the brokered station towards its local ownership limits. See 47 C.F.R. § 73.3555(a)(2)(i). In the past, the brokered radio station was also included for calculating national audience reach. However, the Commission recently abolished national ownership limits for radio stations. 61 Fed. Reg. 10689 (1996).

diversity obligation to ensure diversity among broadcast licensees. As noted by Jet

Broadcasting,

the adverse consequences of television LMAs in [television] markets are twofold. First, there is a noticeable reduction in the number of media voices. Additionally, certain economies of scale free the combined entity to focus its spending on more desirable programming, which attracts larger audiences. Advertisers are prone to advertise with the combined entity because of its ability to reach larger audiences, despite the combined entity's ability to demand higher advertising rates.^{14/}

BET also supports Post Newsweek's comments that any rules adopted in this proceeding governing television LMAs "[should] not undermine diversity policy or hinder competition by newer entrants in the industry."^{15/} BET believes the Commission's proposal to attribute LMAs addresses the dual problems of evasion of the station ownership limits through the use of LMAs and the potential undue concentration of programming control among a few group television owners.

V. The Commission Should Not Indefinitely Grandfather Existing LMA Relationships.

BET opposes indefinite "grandfathering" of existing LMA relationships in order to achieve compliance with a change in the ownership rules. BET agrees with MAP that existing LMA agreements should not be grandfathered indefinitely. BET supports a limited grandfathering period of two years to ensure that existing television markets are not unduly disrupted based on a change in Commission rules. However, BET disagrees with commenters who insist that "grandfathering" of existing LMAs must include indeterminate renewal options and free transferability.^{16/} At a minimum, the Commission should restrict assignment and transfer of LMAs because the plain language of Section 202(g) of the Telecommunications Act

^{14/} Comments of Jet Broadcasting at 10.

^{15/} Comments of Post-Newsweek Stations, Inc. at 6.

^{16/} See, e.g., Comments of Sinclair Broadcasting at 4-5.

of 1996 does not address such transfers.^{17/} Allowing free transfer of existing LMAs would, in essence, create a new asset for existing broadcasters, because the grandfathered LMA would have a value to a potential purchaser.

If existing LMAs are "grandfathered," incumbent broadcasters could evade the Commission's ownership restrictions indefinitely.^{18/} In light of the relaxed ownership limits adopted in the Telecommunications Act of 1996, BET believes that indeterminate grandfathering of LMAs would further entrench incumbent broadcasters to the detriment of competition between incumbents and new entrants. As noted by Post-Newsweek Stations, Inc., "grandfathering existing LMAs would only prolong diminished competition . . ." ^{19/}

BET urges the Commission to consider a two-year transition period for current LMA attribution relationships that would require modification.^{20/} While this approach does not afford the protection against consolidation inherent in the predictable waiver approach advocated by Post-Newsweek,^{21/} it protects new entrants against market consolidation by only permitting incumbent broadcasters to bypass any modified LMA attribution rules for a defined period of time.

^{17/} Section 202(g) of the Telecommunications Act of 1996 states that "nothing in this section shall be construed to prohibit origination, continuation, or renewal of any television local marketing agreement that is in compliance with the regulations of the Commission." Telecommunications Act of 1996, §202(g).

^{18/} "LMAs should not be vehicles to avoid compliance with the Commission's multiple ownership rules or subterfuge for efforts to undermine the Commission's long-standing cross-interest policy. Blanket grandfathering of LMAs now would only encourage further actions of evasion when parties encounter other Commission rules that they dislike. In effect, under the Commission's proposal, stations that acted responsibly as 'good citizens' when LMA activity was in its zenith would be penalized for not raiding the henhouse when the Commission's back was turned." Comments of Post-Newsweek Stations, Inc. at 7-8,

^{19/} Id. at 8.

^{20/} See Further Notice, ¶ 40.

^{21/} Comments of Post-Newsweek Stations, Inc. at 7.

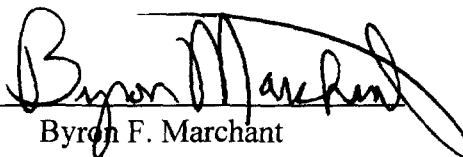
CONCLUSION

The Commission should adopt rules that will facilitate entry into TV and DTV markets. The proposed "equity or debt plus" approach should be rejected, as should the proposal to attribute contractual relationships of program suppliers. The Commission should act to selectively increase the voting stock benchmarks for attribution purposes for new TV and DTV entrants in order to promote diversity of ownership and programming required under Section 307(b) of the Communications Act.

The Commission should decline to adopt rules that would increase the concentration of ownership interests in the broadcast television market. The Commission should attribute television LMAs on the same basis as radio LMAs. It should not grandfather existing relationships that would violate any new attribution rules, but rather the Commission should grant waivers based on predictable criteria and institute a two-year transition period.

Respectfully submitted,

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